

Town of Redding, CT
Debt Management Policy

Approved April 26, 2010

OBJECTIVE: To provide a policy which recognizes the Capital Improvement needs of the Town, as well as the taxpayer's ability to pay, while taking into account existing legal, economic, financial and debt market considerations

PROCEDURE: Certain capital expenditures shall be financed by long term debt to be repaid in annual installments in accordance with the debt instrument. The Town will issue debt for the purposes of constructing or acquiring nonrecurring permanent capital improvements, major renovations, open space property, or other similar type projects it deems necessary. Current operating expenditures shall not be funded through the issuance of debt.

In order to qualify, the project as defined above needs to have a minimum useful life of 10 years and cost at least \$100,000 individually, or in the aggregate for related items.

Short-term borrowing may be used to provide interim cash flow to facilitate the timing of Bond sales.

Long-term leases should be used for major equipment, rolling stock, and other capital items when it is cost justifiable to do so.

All capital improvements financed through the issuance of debt will be financed for a period not to exceed 20 years or in accordance with State Statutes

Exceptions or changes to this policy require approval of the Board of Finance.

